



Washington Movers Conference

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COMMISSION

October 11, 2021

Ms. Amanda Maxwell
Executive Director and Secretary
Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Dear Ms. Maxwell,

Now that the longest 2021 "Peak HHG Moving Season" is beginning to show signs of returning to normal, it is time to again address the current Utilities and Transportation Commission's mandated not to exceed Minimum/Maximum Rate HHG Tariff No. 15-C applicable to regulated intrastate HHG carriers that was discussed 12-18 months ago.

With the COVID-19 Pandemic now in its twenty-first month it is unfortunate that Intrastate HHG carriers have had little flexibility to honor consumer's desired requests for moving services or short term needs for service caused by the consumer's residence rental agreement being terminated, quick sale of their home in this area's hot real estate market, or new employment opportunities requiring a family relocation. This lack of flexibility is due in part to shortage of qualified drivers and work crews. Even during the Pandemic, many Washington based intrastate HHG carriers have been "booked" out 4-5 weeks during the summer months and even now, midway through October 2021. This impacts consumer's needs in an already difficult time.

With the current COVID-19 pandemic taking a toll on all business entities, Washington based intrastate HHG carriers are no exception. Based on their business model, they have been severely hurt due to inability to compete with other local commercial trucking businesses for qualified drivers. You have likely read in different publications there is an enormous commercial driver shortage. Commercial trucking companies of all types are doing all they can to find and hire qualified drivers to handle commercial freight, water port clearance of shipping containers, and yes, even the movement of consumer's household goods. In an attempt to meet their needs, many commercial freight haulers and distribution facilities are now offering increased driver wages and lucrative signing bonuses.

These commercial driver incentives are negatively impacting intrastate HHG carriers. Other trucking entities are hiring drivers away from HHG carriers who cannot compete with the higher pay incentives being offered due to the constraints of HHG Tariff No. 15-C.

As you know, operating as an Intrastate HHG carrier is complex. It involves providing "Local HHG Moves", shipments transported 55 miles or less; "Long Distance Moves", shipments transported more than 55 miles; "Storage-in-Transit", temporary storage, 90-days or less; "Permanent Storage", storage of goods for more than 90-days; and a myriad of assessorial

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services depending on the customer's need. All require the moving company driver and laborers to load and offload the truck through physical manual labor. And notably, the customer's goods come in all shapes, sizes, and weight and at several different levels of value. When loading a truck or trailer, it's like putting a jigsaw puzzle together ensuring the goods proper protection during over highway travel.

Compare this to a commercial freight driver who has his/her cargo trailer or straight truck loaded/offloaded for him/her for the most part at both origin and destination using mechanical handling equipment because the freight is typically palletized. It's a fairly easy response from a HHG carrier driver when enticed by increased pay and bonuses to switch over to a commercial motor carrier. "Sign me up!" is the typical quick response.

Please understand, the largest moving business costs involve –

- a. Employee/driver wages,
- b. Vehicle Maintenance and fuel, and
- c. Moving supplies, i.e. packing material, HHG protection blankets, dollies, and more.

With the Nation's transportation supporting logistics businesses also severely impacted due to the COVID-19 Pandemic, their costs extended to the moving industry continue to increase. In July 2021, the UTC approved an intrastate moving industry request due to an increase in the cost of HHG packing material. Now less than two months later, industry packing material providers have announced yet another 10% increase to corrugated box and paper that became effective on September 20, 2021!

And finally, with changes approved from the 2021 Washington Legislative session, namely **HB 1091**, "*Reducing greenhouse gas emissions by reducing the carbon intensity of transportation fuel*" and **SB 5126** – "*Concerning the Washington climate commitment act*", these new state legislative bills are expected to increase the cost of fuel by anywhere from \$1.00 to \$1.50 a gallon according to the Washington State Policy Center.

As mentioned before, customer's homes and/or apartments are located in on hills, such as can be found in the Seattle market; in downtown metropolitan cities in high rise apartments/condos; in small neighborhoods not easily accessible by the tractor/trailer combination; or are historic, older homes. Each provides a relevant challenge to the HHG carrier.

Household goods moving at any level requires competent, drug free, background checked, able employees, both drivers/leads and laborers, to successfully complete each and every move damage free, timely, and to the customer's satisfaction. Finding good employees at the current pay and benefits packages HHG carriers are able to offer is an extreme challenge.

Many professional full service state regulated HHG carriers own or lease "store front" office facilities and large storage warehouse buildings in cities across Washington State. Others simply operate out of their residence. All, based on current regulations and in possession of a value intrastate HHG operation authority, are legal operators. They provide the services mentioned above plus many also have major HHG van line affiliations for providing Interstate moves for folks moving to or from Washington State and separate Agreements for handling Department of Defense military members HHG shipments at the State's many military installations. These are personal property shipments for service members inbound or outbound from Washington.

But it's the future of Intrastate regulated moving companies that's in question. The WMC has had several discussions this past year with UTC staff responsible for the UTC HHG Tariff 15-C seeking the best approach for maintaining Rates and Charges contained in the Tariff that would

be simple, accomplished at minimal cost to each party, that would be fair to Washington's consumers seeking professional intrastate HHG moving services, yet adequately compensating HHG carriers for their dedicated services provided. And for certain, maintaining the strong consumer protections in place in WAC 480-15 and the UTC Household Goods Tariff No. 15-C.

Simply put, it is no longer compensatory for regulated moving & storage carriers, who's revenue is based on HHG moving and storage work performed in accordance with the UTC's regulated HHG Tariff No. 15-C, to meet their business needs. For the past couple of years, intrastate moving & storage companies have had to absorb additional business costs with little to no financial relief. Examples include –

1. Washington cities instituting new employee minimum wage levels.
2. Higher taxes randomly implemented at any given level of government.
3. Additional State Agency employment/employee programs such as the new Mandatory Paid Family and Medical Leave Program and the soon to be new Employee Mandatory Overtime rule.
4. Increasing fuel costs, highway, bridge, tunnel, and ferry tolls, and truck parking fees.
5. Health benefit plans with double digit annual increases; plus
6. The obvious – terrible roadway congestion in all metropolitan areas. And it just keeps getting worse! For Intrastate moving companies, time is money and while sitting in traffic congestion, the costs just keep adding up, namely fuel and employee costs.

Therefore, following discussion the with WMC Board of Directors, the proposed solution to maintain a viable HHG moving service for Washington consumers, is for the Commission to remove the "Maximum Rate Band" from the UTC HHG Tariff No. 15-C but maintain a reasonable Minimum Rate Band whereby intrastate moving companies could charge no less than the published rates.

The WMC's above proposal along with the solid consumer protections already in place would –

- a. Allow regulated intrastate HHG moving companies to charge rates and fees acceptable to consumers that will allow the company an appropriate level of growth while meeting and supporting the needs of the consumer.
- b. Consumers would be protected by having the ability to concur with offered moving and storage rates and fees by agreeing to and signing the moving company's completed Intrastate Estimated Costs for Services following a visual review of the customer's goods to be moved prior to the start of the move.
- c. Ensure changes to the Estimated Costs for Services requested by the consumer, which would add or delete items to be moved during the moving process, be mutually agreed to by both parties by way of a signed Supplemental Estimated Costs for Services. Maintain healthy competition between HHG carriers.
- d. Provide the regulated HHG moving and storage companies the flexibility to quickly adjust to operational cost increases imposed at the State, County, and City level governments and industry suppliers.

- e. Provide regulated moving companies the ability to implement regular vehicle and equipment maintenance/replacement targets to insure safe operations on Washington's highways and the protection of consumers goods.
- f. Provide regulated moving companies the ability to pass along fuel increases and likely State imposed low carbon fuel taxes and/or conversions to alternative fuel vehicles should they become required as has been discussed.
- g. Provide regulated moving companies the ability to pay their employees a reasonable family wage, including appropriate benefits, thereby maintaining an adequate well trained work force.
- h. Eliminate the need for costly UTC HHG Tariff No. 15-C rate studies so that the business owners are better able to react to market conditions in a timely manner
- i. And maintain healthy levels of competition between intrastate HHG carriers. Consumers are always encouraged to obtain at least three Estimates from three different intrastate HHG carriers.

In closing, if the Maximum Rates were removed from the Intrastate regulated HHG Tariff No. 15-C, moving company business owners would be able to properly manage and operate their businesses IAW the regulated Tariff to satisfactorily meet their needed operating ratios for growth and success. Plus be able to meet the safe and efficient demands from consumers wanting timely and proper protection of their goods and residences.

This may seem like an extreme departure from a firm regulated HHG Tariff, but both the HHG carrier and the consumer would benefit from a qualified, safe, economical service based on the consumer's need while ensuring a viable intrastate moving industry.

Please carefully consider and approve this Petition for a UTC HHG Tariff No. 15-C change.

Thank you.

Sincerely,



James R. Tutton, Jr.
Executive Director, WMC

cf: Ms Lisa Wise, UTC Records Center